

RECEIVED

OCT 30 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

1998 Biennial Regulatory Review --)
Streamlined Contributor Reporting)
Requirements Associated with)
Administration of Telecommunications)
Relay Services, North American Numbering)
Plan, Local Number Portability, and)
Universal Service Support Mechanisms)

CC Docket No. 98-171

COMMENTS

The National Exchange Carrier Association, Inc. (NECA)¹ submits its comments in response to the Commission's Notice of Proposed Rulemaking (NPRM) and Notice of Inquiry (NOI) released in the above-captioned matter.² The NPRM proposes to consolidate data reporting forms currently used for the Commission's various universal service support and cost recovery mechanisms into one form. In the NOI, the Commission seeks comments regarding the use of a single entity to handle all associated billing and collection functions.

NECA supports use of a consolidated data reporting form, as a step toward reducing unnecessary regulatory burdens on contributors, especially small, rural local exchange carriers. To avoid potential disruptions to existing programs, particularly smaller programs such as the TRS shared fund, the Commission should not at this time consider consolidating billing and collection functions associated with universal service support and cost recovery mechanisms.

¹ NECA is a not-for-profit association of over 1,300 incumbent local exchange carriers. Pursuant to the Commission's Part 69 rules (47 C.F.R. Part 69), NECA administers interstate access charge tariffs and revenue pools on behalf of member exchange carriers, as well as various federal and state support programs, among its other activities.

² 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, *Notice of Proposed Rulemaking and Notice of Inquiry*, CC Docket No. 98-171, FCC 98-233 (rel. Sept. 25, 1998) (NPRM or NOI).

I. NECA Supports Consolidated Data Reporting to Reduce Administrative Burdens for its Member Companies, Especially Small, Rural Local Exchange Carriers.

Currently, carriers providing interstate telecommunications services and generating interstate revenues must contribute to funds used for: 1) interstate Telecommunications Relay Services (TRS); 2) other universal service support mechanisms (including traditional high-cost support, Lifeline/Link-Up assistance funds, and funding for discounted telecommunications services for schools, libraries and rural health care providers); 3) numbering administration; and 4) cost recovery of shared costs of regional database administrators for local number portability (LNP).³ To determine contribution amounts for these respective funds, contributors must report their interstate revenues⁴ on different forms at different times of the year.⁵ To streamline this data reporting process, the Commission proposes that contributors file Form 499 - Telecommunications Reporting Worksheet - in one location, on the same date.⁶

NECA supports consolidated data reporting. NECA member companies, classified as interstate telecommunications providers, must submit these various forms to determine their contribution amounts to these funds. Member companies, especially small, rural

³ See 47 C.F.R. § 64.604 (c)(4)(iii)(A) (TRS); 47 C.F.R. § 54.703 (universal service support mechanisms); 47 C.F.R. § 52.17 (numbering administration); and 47 C.F.R. 52.32 (LNP).

⁴ Interstate TRS Fund contributions are based on gross interstate revenues. 47 C.F.R. § 64.604 (c)(4)(iii) (A). NANPA contributions are based on net telecommunications revenues. Contributors to the NANPA cost recovery mechanism must subtract expenditures for all telecommunications services and facilities that it paid to other telecommunications carriers from their gross telecommunications services revenues. See 47 C.F.R. § 52.17.

⁵ Currently, contributors are required to file FCC Forms 431, 457 and 496 for interstate TRS, universal service and NANPA programs, respectively. A form has not been designated yet for local number portability.

⁶ NPRM/NOI at ¶¶ 2, 19, 30 and 31. The NPRM proposes that changes to Parts 52, 54, and 64 of the Commission's rules are necessary to implement a consolidated reporting form.

companies, welcome the proposed relief from administrative burdens currently imposed by these data collections.⁷

Some changes to the data reporting process may be necessary prior to implementation of consolidated data reporting. For example, as TRS Fund Administrator, NECA collects TRS revenue data and receives a carrier's first and/or only TRS Fund contribution payment simultaneously. NECA suggests, instead, that TRS revenue data be collected (using a consolidated reporting form); then, after the TRS Fund administrator determines the contribution factor, carriers would be billed for contributions. This would make the TRS collection and disbursement process consistent with the other funds. To cover any shortfall that may occur during the transition to this new collection process, the Commission could order the TRS Fund Administrator to use the current fund surplus.⁸ USAC collects revenue data first, and submits it to the Commission. The Commission, in turn, determines a contribution factor.⁹ NBANC also collects revenue data first, then calculates the contribution factor for number administration functions, bills, collects and disburses payments for numbering administration funds.¹⁰

⁷ The Commission estimates that, on average, carriers will spend approximately 40% less time submitting information on proposed Form 499 when compared to current filing requirements. *News Release*, Commission Proposes to Streamline Reporting Requirements for Telecommunications Carriers, Report No. CC 98-29 (rel. Sept. 17, 1998) at 1.

⁸ See interstate TRS Annual Submission of Payment Formula and Fund Size Estimate, CC Docket No. 90-571, filed October 1, 1998 at p. 13, reporting a \$9 million surplus in the current TRS fund.

⁹ See 47 C.F.R. §§ 54.701 (g) and 54.709 (a). Contributors are then billed monthly for contributions by USAC. 47 C.F.R. § 54.709 (a)(4).

¹⁰ 47 C.F.R. § 52.17.

NECA recognizes that encouraging contributors to file any consolidated data reporting form electronically is a move toward more efficient data collection.¹¹ The Commission should not, however, require contributors to file data electronically. Mandatory electronic filing could be an expensive or prohibitive administrative burden on small carriers.

NECA also agrees with the Commission's proposal that administrators of these funds be permitted to share reported data. A common revenue database would be more efficient than separate databases, maintained by four separate administrators, and would result in consistency of data points that may be included in analysis by the administrators or the Commission itself. Finally, NECA is prepared to offer its assistance to other fund administrators, as well as to the Commission, to help ensure that the most efficient, most consistent data reporting form is used in the future.

II. The Commission Should Not At This Time Consider Consolidating Billing and Collection Functions for Universal Service Support and Cost Recovery Mechanisms.

In its NOI, the Commission requests comments on whether a single entity should be designated to handle the billing and collection processes for universal service support and cost recovery mechanisms. The Commission asks whether this would reduce administrative costs, lead to greater accountability, and promote the effective and efficient administration of the support and cost recovery mechanisms.¹²

NECA believes that the Commission should not at this time consider consolidating billing and collection or disbursement functions for the various universal service support and cost recovery mechanisms. At present these funds are functioning efficiently, and current billing and collection procedures are familiar to participating

¹¹ To be most cost-effective, electronic filing should employ standard Internet technologies, rather than customized software.

¹² NPRM/NOI at ¶ 64.

carriers. Combining the billing, collection and disbursement mechanisms could lead to disruptions, especially with respect to smaller, specialized programs such as the TRS shared fund. Contributors may also find a consolidated billing and collection program confusing, as invoicing procedures, offset credits, minimum contribution levels and other administrative details differ among the various programs. Because the potential burdens associated with combining these complex billing and collection functions appear to outweigh any efficiency gains that might result, NECA recommends that the Commission not at this time consider consolidation of billing and collection functions.

III. Conclusion

NECA supports the consolidation of current separate data reporting requirements for the Commission's various universal service programs. Use of a single form should reduce administrative burdens on carriers and the Commission. NECA commends the Commission for taking this initiative, and suggests that, wherever possible, additional steps should be taken to simplify and clarify data reporting requirements. NECA suggests, however, that the Commission not at this time consider consolidating billing and collection functions for the Commission's various universal service cost recovery and support mechanisms.

Respectfully Submitted,

NATIONAL EXCHANGE
CARRIER ASSOCIATION, Inc.

By: /s/ Richard A. Askoff

Richard A. Askoff

Its Attorney

October 30, 1998

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Comments was served this 30th day of October 1998, by hand delivery or by mailing copies United States Mail, first class postage paid, to the persons listed below.

/s/ Beverly Sedlar

Beverly Sedlar

Magalie Roman Salas*
Office of the Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554
(Original and four copies)

Scott K. Bergman*
Common Carrier Bureau
Industry Analyst Division
2033 M Street, N.W., Room 500
Washington, D.C. 20554

Terry Conway
Common Carrier Bureau
Industry Analyst Division
2033 M Street, N.W., Room 500
Washington, D.C. 20554

David Cohen
USTA
1401 H Street, N.W., Suite 600
Washington, D.C. 20005-2164

John F. O'Neal
National Rural Telecom Assn.
1 Massachusetts Ave., N.W., Suite 800
Washington, D.C. 20001

L. Marie Guillory
NTCA
2626 Pennsylvania Ave., N.W., 1st Floor
Washington, D.C. 20037

Stuart Polikoff
OPASTCO
21 Dupont Circle, N.W., Suite 700
Washington, D.C. 20036

Margot Humphrey
Koteen & Naftalin, L.L.P.
1150 Connecticut Avenue, N.W.
Washington, D.C. 20036

International Transcription Service (ITS)*
1231 20th Street, N.W.
Washington, D.C. 20037

*Hand Delivered